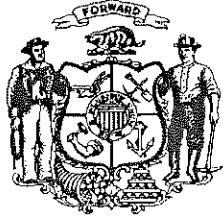


# THE STATE OF WISCONSIN

SENATE CHAIR  
**MARK MILLER**

317-E Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-9170



ASSEMBLY CHAIR  
**MARK POCAN**

309-E Capitol  
P.O. Box 8953  
Madison, WI 53708-8953  
Phone: (608) 266-8570

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Mark Miller  
Representative Mark Pocan

Date: July 6, 2010

Re: Department of Corrections and Department of Administration Prison  
Industries Report

Attached is a quarterly report on Prison Industries from the Department of Corrections and the Department of Administration, pursuant to s. 303.019, Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

MM:MP:jm



**Jim Doyle**  
Governor

**Rick Raemisch**  
Secretary



## State of Wisconsin Department of Corrections

Mailing Address

3099 E. Washington Ave.  
Post Office Box 7925  
Madison, WI 53707-7925  
Telephone (608) 240-5000  
Fax (608) 240-3300

June 14, 2010

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JUL 06 2010

BY: St. Finance

The Honorable Mark Miller  
Co-Chair, Joint Committee on Finance  
Room 317 East, State Capitol  
P O Box 7882  
Madison, WI 53707-7882

The Honorable Mark Pocan  
Co-Chair, Joint Committee on Finance  
Room 309 East, State Capitol  
P O Box 8953  
Madison, WI 53708-8953

Dear Senator Miller and Representative Pocan:

Attached is the report on Prison Industries for the quarter ending March 31, 2010 as required by §303.019 of the Wisconsin Statutes. This report includes the year-to-date cash balances of Badger State Industries at the end of the third quarter.

### Traditional Prison Industries

Traditional Industries provided a cash forward balance of \$712,400 from FY 2009. The third quarter reporting period for FY 2010 from July 1, 2009 through March 31, 2010 shows gross revenues of \$8,367,600 with cash expenditures of \$13,342,000. The third quarter ends with expenditures exceeding revenues by (\$4,352,100).

On a cash basis, a loss of \$(689,500) is projected for Traditional Industries in FY 2010 when excluding the required cash lapse related to expenditure changes from the 2009-11 Biennial Budget of (\$411,200). On an accrual basis, a \$(998,600) loss is projected for FY 2010. When the required 2009-11 biennial budget cash lapse is included, the projected accrual basis shows a loss of (\$1,409,800) for FY10.

The FY10 year-end cash balance is projected to be \$22,900 when the required cash lapse is excluded. When the cash lapse is included, the FY10 year-end cash balance is projected to be (\$388,300).

As shown by these reports; decreased sales combined with the required budgetary lapse results in a projected shortfall for Traditional Industries in FY 2010. YTD invoiced sales as of March were 25% below those reported for the same time period in FY09. Declines in invoiced sales by industry are most notable in Metal Stamping (56%), Wood Furniture (44%), and Metal Furniture (33%).

The Department recognizes the projected shortfall and is working diligently towards increasing sales and reducing expenditures during FY 2010 in order to accommodate the required lapse as set by the 2009-11 biennial budget.

The Department of Corrections would be happy to respond to any questions you may have on this Matter.

Sincerely,



Rick Raemisch, Secretary  
Department of Corrections



Dan Schooff, Secretary - *Designate*  
Department of Administration

Attachments

cc:	Ismael Ozanne, DOC	Brigette Smith, DAI
	William Grosshans, DAI	Earl Fisher, DMS
	Floyd Mitchell, DAI	Dan Steeger, DMS
	Richard Schneider, DAI	Roland Couey, DMS
	Tim Peterson, BCE	Lucie Widzinski-Pollock, DMS
	Bernie Spiegel, BCE	Dustin Trickle, DMS
	Ben Cruz, BCE	Jana Steinmetz, DOA
	Ben Grattan, BCE	Katie Kisiolek, DOA
	Chris Wagner, BCE	Chris Carmichael, LFB
	Tim Lefave, DAI	Jere Bauer, LFB

**BADGER STATE INDUSTRIES**

**YEAR TO DATE CASH BALANCE SUMMARY BY INDUSTRY**

**AS OF MARCH 31, 2010**

TRADITIONAL INDUSTRIES				
INDUSTRY	CASH BALANCE 7/1/2009	FY-10 YTD REVENUE	FY-10 YTD EXPENDITURE	CASH BALANCE 3/31/2010
<b>NON PROJECT OPERATIONS</b>				
MANAGEMENT & SUPPORT <sup>*1</sup>	0	119,900	2,710,700	(2,590,800)
DISTRIBUTION CENTER	0	20,300	1,012,900	(992,600)
TRANSITION PROGRAM	0	0	85,600	(85,600)
<b>SUB-TOTAL</b>	<b>0</b>	<b>140,200</b>	<b>3,809,200</b>	<b>(3,669,000)</b>
<b>PROJECT OPERATIONS</b>				
<b>FURNITURE <sup>*2</sup></b>				
WOOD & LAMINATING	(13,041,800)	921,400	1,042,800	(13,163,200)
METAL FURNITURE	(47,724,900)	911,800	2,208,800	(49,021,900)
SYSTEM FURNITURE	55,091,800	586,500	409,000	55,269,300
UPHOLSTERY	(438,400)	1,081,700	1,165,900	(522,600)
<b>FURNITURE SUB-TOTAL</b>	<b>(6,113,300)</b>	<b>3,501,400</b>	<b>4,826,500</b>	<b>(7,438,400)</b>
<b>LAUNDRIES</b>				
OSCI LAUNDRY	90,200	1,177,300	579,300	688,200
CVCTF LAUNDRY	(980,200)	213,000	458,000	(1,225,300)
<b>LAUNDRIES SUB-TOTAL</b>	<b>(890,000)</b>	<b>1,390,200</b>	<b>1,037,400</b>	<b>(537,100)</b>
METAL STAMPING	18,033,500	1,090,800	1,056,600	18,067,700
PRINTING	(3,050,700)	668,100	675,800	(3,058,500)
<b>SIGNS</b>				
SCI SIGN SHOP	2,142,200	754,900	962,700	1,934,400
JCI SIGN SHOP	(278,900)	189,800	166,900	(256,000)
NLCI HYDROSTRIPPING SHOP	(747,300)	35,800	194,000	(905,600)
<b>SIGNS SUB-TOTAL</b>	<b>1,116,000</b>	<b>980,500</b>	<b>1,323,600</b>	<b>772,900</b>
<b>TEXTILES</b>				
GBCI TEXTILES	(4,397,800)	477,100	565,000	(4,485,700)
SILKSCREENING SERVICES	(3,985,400)	113,700	136,700	(4,008,400)
<b>TEXTILES SUB-TOTAL</b>	<b>(8,383,100)</b>	<b>590,700</b>	<b>701,700</b>	<b>(8,494,200)</b>
WHEEL CHAIR REFURBISHING	0	5,700	1,200	4,500
<b>SUB-TOTAL</b>	<b>712,400</b>	<b>8,227,400</b>	<b>9,622,800</b>	<b>(683,100)</b>
<b>TOTAL</b>	<b>712,400</b>	<b>8,367,600</b>	<b>13,432,000</b>	<b>(4,352,100)</b>

**Footnotes:**

1: Management & Support costs represent overhead and non-project operations. Transition program costs are substantially allocated to the appropriate industries in the current fiscal year. Any remaining costs will be allocated in next fiscal year operations.

2: System Furniture sales are derived from products manufactured by the other Industries: Wood & Laminating, Metal Furniture, and Upholstry. Costs for those products are retained by the originating shop.

## Traditional Prison Industries

### **June 30, 2010 Projected Cash Profit and Loss Statement As of March 31, 2010**

Projected Revenue		16,159,900
Projected Cost of Goods Sold	\$14,038,400	
Projected Selling Expense	1,269,500	
Projected Administrative Expense	<u>1,541,500</u>	
		<u>\$ 16,849,400</u>
Projected Cash Profit (Deficit) - June 30, 2010		(689,500)
Plus beginning Cash Balance		<u>712,400</u>
Projected Cash Balance June 30, 2010 without 2009-11 Required Cash Lapse		<u>\$ 22,900</u>
Plus beginning Cash Balance		712,400
Less 2009-11 Biennial Budget Cash Lapse		(411,200)
Less Projected Cash Profit (Deficit) - June 30, 2010		(689,500)
Projected Cash Balance June 30, 2010 after 2009-11 Biennial Budget Cash Lapse		<u>\$ (388,300)</u>

### **June 30, 2010 Projected Accrual Profit and Loss Statement As of March 31, 2010**

Projected Sales		16,159,900
Projected Cost of Goods Sold	\$14,320,200	
Projected Selling Expense	1,269,500	
Projected Administrative Expense	<u>1,568,800</u>	
		<u>\$ 17,158,500</u>
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2010		<u>(998,600)</u>
Less 2009-11 Biennial Budget Cash Lapse		(411,200)
Projected Accrual Basis Operating Profit (Deficit) - June 30, 2010 after Cash Lapse		<u>\$ (1,409,800)</u>